



## MEMORANDUM

**To:** Members of the Michigan House of Representatives Commerce Committee

**From:** Jim Hallan, President and CEO, Michigan Retailers Association

**Date:** February 8, 2011

**Subject:** Shopping Reform and Modernization Act (House Bill 4158)

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Last week, State Rep. Lisa Posthumus Lyons introduced the Shopping Reform and Modernization Act (House Bill 4158) to modernize and reform Michigan's antiquated item pricing law to ***create a climate that attracts jobs and retailers.***

Almost every day since, newspapers from across the State have editorialized about the importance of this critical reform in the fight to turn Michigan's economy around, backing the Shopping Reform and Modernization Act and urging its immediate passage.

"The law isn't worth keeping," wrote the **Detroit News**, while the **Oakland Press** added its voice to those calling for reform, opining that "...repealing the law would make Michigan more attractive to out of state businesses and would also give our local retailers a break." Just today, the **Grand Rapids Press** said the law "deserves to pass"

Attached are op-eds published in just the last week supporting reform. I have also included Rep. Lyons' own recent column, ***"Outdated, costly item-pricing law hinders consumer-friendly progress,"*** published last week in the Detroit Free Press.

The Shopping Reform and Modernization Act being supported by job makers, families and now newspapers across the state enables retailers to use the latest technology to clearly and effectively communicate the price of items to consumers while removing the outdated requirement that a price sticker be individually affixed to every item in the store.

According to a recent study by the Anderson Economic Group (AEG), Michigan's outdated item pricing law (IPL) results conservatively in a \$2.2 billion hidden tax on Michigan's economy each year.

Governor Rick Snyder also publicly identified Michigan's IPL as a contributing factor for the State's struggling economy and called for shopping reform and modernization during his State of the State address.

I urge you to join the State's leading newspapers and Governor Snyder and to support the Shopping Reform and Modernization Act as we work together to reinvent Michigan. Thank you for your time. Please contact me with any questions you may have.

(MORE)

## **Guest Editorial: State Rep. Lisa Posthumus Lyons—*Outdated, costly item-pricing law hinders consumer-friendly progress***

**February 3, 2011**

Like most young mothers across the state, once a week or so I bundle up my kids, pack them into the car and go to the local market to do my family's grocery shopping.

In between avoiding child meltdowns and spills, I always do my best to hunt for bargains to stretch every dollar as far as I can. In our economy today, I think a lot of people do. And, as a mom of four with a hectic schedule, I understand the importance of getting the most for my money at the checkout and making the most of the limited time I have with my family.

Unfortunately, one remarkably expensive and outdated government regulation -- Michigan's one-of-a-kind item pricing law -- is standing in the way of greater convenience and a better shopping experience. It also is preventing moms and dads from getting the most bang for their buck at the checkout and is hitting the state's economy with a hidden multibillion-dollar tax.

That's why last week I introduced the Shopping Reform and Modernization Act, to bring Michigan's outdated item pricing law into the 21st Century, end the multibillion-dollar tax, create a climate that attracts jobs and benefit shoppers.

Michigan's current item pricing law was enacted in 1976. It is older than I am, and it forces Michigan retailers to use pricing technology that became obsolete when the briefcase phone was considered the wave of the future. Worse, according to a recent study by the Anderson Economic Group, the item pricing law results conservatively in a \$2.2-billion hidden tax on Michigan's economy each year.

Not surprisingly, Michigan is the only state still clinging to these outdated, inefficient item-pricing requirements. Take just a minute and think about walking into a store that has a price scanner attached directly to your shopping cart. As you walk down the aisles, the cart scans the items, shows the price and tracks the total. You finish up your shopping, park your cart and then swipe your debit card right there.

This isn't a movie; this is reality in other states and demonstrates that shoppers in 49 other states have it much better than we do.

So it is little wonder Gov. Rick Snyder publicly identified the current law as a contributing factor for the state's struggling economy and called for shopping reform and modernization during his State of the State address.

My proposal brings retailers from the sticker-gun past into our high-tech, consumer-focused world, enabling them to use the latest technology to clearly and effectively communicate the price of items to consumers, better serving customers while removing the outdated requirement that a price sticker be placed on every individual item in the store.

This long overdue reform will help move Michigan into the 21st Century. It will remove a \$2.2-billion tax on the state's economy and open the door to investment and innovation focused on improving our shopping experience.

The proposal also upholds Michigan's proud tradition of consumer protection, maintains attorney general oversight, includes state advertisement and rain-check requirements, and retains the popular bounty provision that requires payment of the difference plus 10 times the difference between an advertised price and an inaccurate price charged at checkout.

By cutting red tape and reforming Michigan's pricing laws, we will finally provide retailers with the flexibility they need to deliver the most competitive prices, most convenient shopping experience, and the best technology to Michigan consumers. That's good news for Michigan, good news for job makers, and good news for shoppers, whether or not you have kids in tow at the market.

## **The Detroit News**

### **Editorial: Ditch price-sticker law**

**Item-pricing statute should be first of many regulations to be overhauled**

**February 4, 2011**

Michigan's item pricing law is a relic from the past on its way to the scrap heap. Here's hoping it's neither the last nor biggest reform that Gov. Rick Snyder and the Legislature adopt in their quest to rid the state of costly regulations that are of questionable benefit.

Since the governor cited the 1970s-era law as an example of the undue burden state government imposes on retailers last month, lawmakers have responded. A bill, already being moved, would make this modest change one of the first measures enacted by the new Legislature.

You might say this is the low-hanging fruit of regulatory reform. Even former Attorney General Frank J. Kelley, who long championed the statute, now agrees the state should jettison the mandate he so zealously enforced during his long tenure. Michigan is but one of two states that still make stores stick price tags on every individual item they offer for sale.

It seems quaint in an age of bar codes, electronic data-keeping and self-scan check-out stations. The nit-picky retagging of thousands of items every time stores revise their prices, which happens almost daily in today's world, is costing an estimated \$2 billion a year and driving up the cost of consumer goods here, according to a study bankrolled by the Michigan Retailers Association. Even if the study overstates the cost, the law isn't worth keeping.

Recent polls show consumers still like the price-tagging law, but they probably won't miss it much if shopkeepers pass on the 9 percent savings the study indicated it's costing us per-item, compared with states free of the requirement.

Our sense of Snyder's intent, however, was to cite it as just one example of many regulations that make doing business in Michigan more costly than elsewhere. More regulatory reforms should be forthcoming and lawmakers should be ready to handle them with equal enthusiasm.



## **Editorial: Time to erase state's costly item-pricing law**

**February 03, 2011**

Gov. Rick Snyder has proposed it and a state legislator has already acted on the recommendation.

Republican Rep. Lisa Posthumus Lyons of Alto has introduced legislation to repeal Michigan's item-pricing law. The regulation requires retailers to have a price tag on every item consumers take off store shelves. It also carries a requirement that if a retailer over charges a customer, the individual is not only reimbursed the amount that was overpaid but receives a \$5 bonus for his trouble.

The latter is not a bad deal for consumers but in a state that has been economically down for a decade or more and badly needs to be more business friendly, repealing the law is a good idea.

House Bill 4158, as might be expected, has both supporters and opponents.

The Michigan Retailers Association says the state's item-pricing law is a hidden tax on consumers and results in higher prices at stores.

The United Food and Commercial Workers union supports the current law and says jobs would be lost in grocery stores if it's repealed.

The Coalition for Retail Pricing Modernization and the Anderson Economic Group are the leading advocates for repealing item pricing.

The groups say the law is outdated and is costing businesses at least \$2.2 billion annually.

The current law, an AEG study concluded, forces retailers to spend millions each year on an expensive, antiquated process and hinders investments in newer, more cost-effective tools and technology. Michigan is the only state using the outdated item-pricing requirements. Massachusetts is the only other state with a similar law and it applies only to food retailers.

In addition to the hidden tax, the AEG study found that Michigan's 1970s-era law slows investment, damages the environment and prevents modernization enjoyed by shoppers across the nation.

With new tools and technology, the law is no longer needed to protect consumers at checkout.

If the price of an item isn't posted at the shelving area, most retailers have scanners where customers check a price. Also, for example, there's a new generation of smart phones that offer an application that allows you to scan an item in the store to find out what a store is charging you. It even can find the prices of the same item at other stores.

Also, customers can — and actually should — review their sales slip after they check out but before they leave the store to make sure they weren't overcharged. Unfortunately, most people don't take the time to do this and it makes us wonder if they even look at the individual items that are marked.

Yes, repealing the law will force consumers to do a little more work and it may cost some jobs.

However, overall, it appears repealing the law would make Michigan more attractive to out of state businesses and would also give our local retailers a break.

We urge passage of the bill that would repeal the law but suggest one amendment — retain the \$5 bonus if a customer is overcharged. This will help keep businesses a little more honest and it might be an incentive for customers to take a little time and make sure they haven't overpaid for an item.

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## **Editorial: Repealing item-pricing law right thing to do**

**February 4, 2011**

Scanners and bar codes were in their infancy in 1976, when Michigan adopted a law requiring retailers to put a price stamp or sticker on almost every product they sold.

At the time, the law was considered a progressive consumer-protection initiative. Today, it's a relic that serves mainly to ensure the employment of a small army of price gun-wielding grocery clerks.

Gov. Rick Snyder proposed repealing the itempricing law in his State of the State address, and it's a move we endorse.

Scanner technology has come a long way since 1976 — with advanced computer systems in stores, scanners in the aisles for price checks and checkout stations most shoppers can operate themselves, the rationale for price stickers isn't what it was 35 years ago. The mandate means a price change that should take just a few computer clicks still requires clerks to manually re-mark dozens or hundreds of packages.

The Michigan Retailers Association on Monday released a study it commissioned by the Anderson Consulting Group estimating that item-pricing costs Michigan stores — and their customers — \$2.2 billion a year. Even if the true figure is only half that, it's a heavy cost to bear for little gain.

Many shoppers, particularly older ones, still find a measure of security in seeing a physical sticker on a box of crackers or a jar of pickles; in a poll on [hollandsentinel.com](http://hollandsentinel.com) over the weekend, readers favored keeping the itempricing law 238 to 186.

This tells us supermarkets may need to work harder to earn the trust of some customers. But shoppers seem to fare just fine in the 48 states that don't require item-pricing, and we've never heard local residents complain about shopping without price stickers in Indiana and Illinois.

Even Frank Kelley, the longtime Michigan attorney general who made enforcing itempricing his trademark, says the measure is now unnecessary. Repealing the law should be one of the first acts the Michigan Legislature takes this year.

## **Daily Tribune**

*Royal Oak Daily Tribune*

### **Bill to repeal item pricing should retain bonus for overcharging**

**February 04, 2011**

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Economically stressed Michigan needs to be more business friendly. Repealing the law is a good idea.

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The AEG study also found that Michigan's 1970s-era law slows investment, damages the environment and prevents modernization enjoyed by shoppers across the nation.

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However, overall, it appears repealing the law would make Michigan more attractive to out-of-state businesses and would also give our local retailers a break.

We urge passage of the bill that would repeal the law but suggest one amendment: Retain the \$5 bonus if a customer is overcharged. This will help keep businesses a little more honest, and it might be an incentive for customers to take a little time to make sure they haven't overpaid for an item.

## **THE GRAND RAPIDS PRESS**

### **Editorial: Why Michigan's item pricing law should go**

*Published: Tuesday, February 08, 2011, 7:00 AM*

Representatives is expected this week to take up revisions to an outdated and costly law that requires retailers to put price tags on nearly everything they sell. The proposed changes, sponsored by **Rep. Lisa Posthumus Lyons**, R-Alto, deserve to be passed.